9

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1952

No. 177

ARTHUR G. GAGE,

Petitioner,

vs.

THE UNITED STATES,

Respondent

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CLAIMS AND BRIEF IN SUPPORT THEREOF.

EDWARD S. IRONS,
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INDEX

Subject Index

	Page
Petition for Writ of Certiorari	1
Preliminary Statement	1
Opinions Below	1
Jurisdiction	2
Questions Presented	2
Statutes and Constitutional Provisions Involved	3
Summary Statement	3
Specification of Errors	4
Reasons for Allowance of the Writ	6
Brief	9
Conclusion	13
Appendix	14

Table of Authorities Cited

Anderson National Bank v. *Luckett*, 321 U. S. 233, 246, 64 S. Ct. 599, 606	12
Cramp and Sons v. *Curtis Turbine Co.*, 246 U. S. 28, 39-41	9, 11
National Labor Relations Board v. *Jones-Laughlin Steel Corporation*, 301 U. S. 1, 30; 57 S. Ct. 615, 621	5, 7, 12
Olsson v. *United States*, 87 C. Cls. 642; 25 Fed. Supp. 495, (cert. den. 307 U. S. 621, 650)	5
Shillinger v. *United States*, 155 U. S. 163, 169	9
United States v. *Esnault-Pelterie*, 303 U. S. 26, 28; 58 S. Ct. 412, 413	6, 7, 9

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CLAIMS

To the Honorable the Chief Justice and the Associate Justices of the Supreme Court of the United States:

Your petitioner, Arthur G. Gage, respectively prays that a writ of certiorari issue to review the judgment of the United States Court of Claims entered in the above-entitled case on April 8, 1952.

Opinions Below

In an original opinion dated January 8, 1952, the Court of Claims denied respondent's Motion for Summary Judgment. This opinion is reported at 101 Fed. Supp. 765 and appears at (R. 9). In a second opinion dated April 8,

1952, the Court of Claims denied respondent's Petition for Rehearing, but concurrently granted respondent's Motion for Summary Judgment and dismissed petitioner's Petition. The second opinion of the Court of Claims is reported at 103 Fed. Supp. 1022 and appears at (R. 12).

Jurisdiction

The jurisdiction of this Court is invoked under 28 U. S. C., Section 1255 (1) and under Section 1 of Rule 41 of this Court.

Questions Presented

I. Does the express provision of 28 U. S. C., Section 1498 that

> "*Whenever an invention* described in and covered by a patent of the United States *is used* or manufactured by or for the United States *without license of the owner* thereof or lawful right to use or manufacture the same, the *owner's remedy shall be by action against the United States in the Court of Claims* * * *"

effect a waiver of the sovereign immunity of the United States from suit for the tort of patent infringement and afford to a patent owner a remedy for the unauthorized use of his patented invention occurring within six years next preceding institution of suit against the United States in the Court of Claims?

II. Can a taking by the United States, more than six years prior to suit, of patented devices, without notice and without compensation to the patent owner, be constitutionally advanced as a bar to the patent owner's right of recovery under 28 U. S. C., Section 1498 for unauthorized use of the patented devices occurring within six years next preceding the institution of suit by the patent owner against the United States in the Court of Claims?

III. Can the United States properly invoke the provisions of the statutes of limitation, 28 U. S. C., Section 2401 and 28 U. S. C., Section 2501, to bar a patent owner's remedy, under 28 U. S. C., Section 1498, for unauthorized use of the devices embodying his patented invention occurring within six years next preceding institution of suit by the patent owner against the United States in the Court of Claims?

IV. Can respondent, after delaying negotiations with petitioner under 35 U. S. C., Section 91 for two years, eleven months, and twenty-five days, thereafter invoke 28 U. S. C., Section 2401 and 28 U. S. C., Section 2501 to foreclose petitioner's recovery for respondent's unauthorized use of such patented devices within six years next preceding the institution of suit against the United States in the Court of Claims?

Statutes and Constitutional Provisions Involved

The pertinent statutes and constitutional provisions are reproduced in the Appendix hereto. They are:

28 U. S. C., Section 1498.
28 U. S. C., Section 2401.
28 U. S. C., Section 2501.
35 U. S. C., Section 91.
Fifth Amendment to the Federal Constitution.

Summary Statement

In 1943 respondent, without notice and without compensation to petitioner, acquired certain differential pumps for use in fire extinguishers, covered by petitioner's United States Patent No. 2,281,933. Petitioner, after learning of such acquisition by respondent, in reliance on Section 91 of Title 35 of the United States Code, entered into negotiations on September 16, 1946 with the War Department seeking

compensation for the unauthorized use of said patented differential pumps (R. 8). Despite petitioner's repeated insistence, the War Department failed to render a final ruling for two years, eleven months, and twenty-five days and informed petitioner of its adverse ruling on August 23, 1949 (R. 8).

On January 26, 1950, petitioner filed, in the United States Court of Claims, a Petition praying, inter alia, for recovery for unauthorized use by respondent of said patented differential pumps covered by petitioner's United States Patent No. 2,281,933 (R. 1).

On October 3, 1951, respondent filed a Motion for Summary Judgment (R. 15) asserting that petitioner's right of recovery under 28 U. S. C., Section 1498 was barred by the provisions of 28 U. S. C., Section 2401 and 28 U. S. C., Section 2501.

On January 8, 1952, the Court of Claims denied respondent's Motion for Summary Judgment expressly holding that petitioner's right to recover for unauthorized use of the patented pumps was not barred (R. 9).

On February 7, 1952, respondent filed a Petition for Rehearing (R. 12). On April 8, 1952, the Court of Claims denied respondent's Petition for Rehearing and, of its own motion, granted respondent's Motion for Summary Judgment and dismissed the Petition (R. 12).

It is a review of the latter action of the Court of Claims that is here sought.

Specification of Errors

The Court of Claims erred:

I. In holding that 28 U. S. C., Section 1498 does not effect a waiver of sovereign immunity of the United States from suit for the tort of patent infringement and afford to a patent owner a remedy for the unauthorized use of

his patented invention occurring within six years next preceding the institution of suit against the United States in the Court of Claims.

II. In unnecessarily construing 28 U. S. C., Section 1498 so as to authorize the taking of petitioner's patent property, without notice and without compensation, in derogation of the due process clause of the Fifth Amendment of the Federal Constitution and in conflict with decisions of this Court. (*National Labor Relations Board* v. *Jones-Laughlin Steel Corporation,* 301 U. S. 1, 30; 57 S. Ct. 615, 621).

III. In holding that the United States can properly invoke the provisions of the statutes of limitation, 28 U. S. C., Section 2401 and 28 U. S. C., Section 2501, to bar a patent owner's remedy under 28 U. S. C., Section 1498 for unauthorized use of devices embodying his patented invention occurring within six years next preceding institution of suit against the United States in the Court of Claims.

IV. In construing its own decision in *Olsson* v. *United States,* 87 C. Cls. 642, 25 Fed. Supp. 495 (cert. den. 307 U. S. 621, 650), determining the measure of damages recoverable by a patent owner, as controlling of the issue presented here.

V. In holding that the United States, after delaying negotiations with petitioner under 35 U. S. C., Section 91 for two years, eleven months, and twenty-five days, may thereafter invoke 28 U. S. C., Section 2401 and 28 U. S. C., Section 2501 to foreclose petitioner's remedy under 28 U. S. C., Section 1498 for respondent's unauthorized use of such patented devices within six years next preceding institution of suit against the United States in the Court of Claims.

Reasons for Allowance of the Writ

I. The decision of the Court of Claims is in conflict with the decisions of this Court expressly recognizing that 28 U. S. C., Section 1498 was adopted by Congress to effect a waiver of the sovereign immunity of the United States from suit for the tort of patent infringement. In *United States* v. *Esnault-Pelterie*, 303 U. S. 26, 28; 58 S. Ct. 412, 413, this Court said:

> "* * * Without its consent, the United States may not be sued for infringement of a patent. * * * *The Congress has determined the conditions upon which the United States consents to be sued.* By the applicable statute Congress has permitted suit to be brought in the Court of Claims for reasonable compensation for the *infringing use* or manufacture. * * *" (Emphasis ours).

II. The decision of the Court of Claims unnecessarily construes 28 U. S. C., Section 1498 so as to authorize the taking of petitioner's patent property without notice and without compensation in derogation of the due process clause of the Fifth Amendment of the Federal Constitution and is therefore in conflict with this Court's decisions holding:

> "* * * We have repeatedly held that as between two possible interpretations of a statute, by one of which it would be unconstitutional and by the other valid, our plain duty is to adopt that which will save the act. Even to avoid a serious doubt the rule is the same. Federal Trade Commission *v.* American Tobacco Co., 264 U. S. 298, 307, 44 S. Ct. 336, 337, 68 L. Ed. 696, 32 A. L. R. 786; Panama R. R. Co. *v.* Johnson, 264 U. S. 375, 390, 44 S. Ct. 391, 395, 68 L. Ed. 748; Missouri Pacific R. R. Co. *v.* Boone, 270 U. S. 466, 472, 46 S. Ct. 341, 343, 70 L. Ed. 688; Blodgett *v.* Holden, 275 U. S. 142, 148, 276 U. S. 594, 48 S. Ct. 105, 107, 72 L. Ed. 206; Richmond Screw Anchor Co. *v.* United

States, 275 U. S. 331, 346, 48 S. Ct. 194, 198, 72 L. Ed. 303. * * *" (*National Labor Relations Board* v. *Jones-Laughlin Steel Corporation*, 301 U. S. 1, 30, 57 S. Ct. 615, 621).

III. Important questions of federal statutory interpretation never heretofore passed upon by this Court are presented, viz.,

(a) the proper application of the statutes of limitation, 28 U. S. C., Section 2401 and 28 U. S. C., Section 2501, to the remedy provided by 28 U. S. C., Section 1498 to patent owners for the use of their patented inventions by the United States, and

(b) the effect of the provisions of 35 U. S. C., Section 91 on the application of the statutes of limitation, 28 U. S. C., Section 2401 and 28 U. S. C., Section 2501, to the remedy afforded patent owners by 28 U. S. C., Section 1498.

IV. The Court of Claims has exclusive jurisdiction of the subject matter and its own decisions are in conflict.*

V. The issues are of wide public importance:

(a) because they affect the statutory remedy available to all patent owners for the unauthorized use of their inventions by the United States, and

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* In *United States* v. *Esnault-Pelterie* (Case No. D-388) the Petition was filed in the Court of Claims on June 20, 1924. During the course of the proceedings before that Court, the following question was certified on April 1, 1939 to the Court of Claims by the Trial Commissioner:

"Is plaintiff entitled to compensation for the use of aeroplanes equipped with the infringing device and manufactured for or by and acquired by the United States prior to June 20, 1918, but used subsequent thereto and within the accounting period?"

After full briefing and oral argument, the Court of Claims, by Memorandum decision dated June 14, 1939 answered the certified question "Yes".

Like questions were certified and like answers given by Memorandum opinion on June 14, 1939 in *Ferguson et al.* v. *United States* (Case No. M-65).

(b) because they affect the rights of all patent owners who have availed themselves of the provisions of Title 35 U. S. C., Section 91 and delayed suit against the United States to recover for unauthorized use of their patented inventions until more than six years after the Government's *acquisition* thereof.

EDWARD S. IRONS,
HAMER H. JAMIESON,
Attorneys for Petitioner.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

The Court below has granted Summary Judgment. The facts are undisputed. Respondent, in 1943, acquired certain pumps, for use in fire extinguishers, claimed by petitioner to infringe petitioner's United States Patent No. 2,281,933. Respondent has used such pumps in fire extinguishers within the six-year period next preceding institution of suit against the United States in the Court of Claims.

Prior to the Act of June 25, 1910, c. 423, 36 Stat. 851, the United States, under the doctrine of sovereign immunity, escaped liability for the use, unauthorized by the patent owner, of a patented invention, on the theory that such unauthorized use constituted the *tort of infringement*. Recovery for the unauthorized use by the United States of patented inventions could only be had where the circumstances were such that a contract might be implied. *Shillinger* v. *United States*, 155 U. S. 163, 169; *Cramp and Sons* v. *Curtis Turbine Co.*, 246 U. S. 28, 39-41.

This Court has recognized that it was the intent of Congress to waive the sovereign immunity of the United States from suit for the tort of patent infringement. In *United States* v. *Esnault-Pelterie*, 303 U. S. 26, 28; 58 S. Ct. 412, 413, in passing upon the Act of June 25, 1910, 36 Stat. 851, as amended by the Act of July 1, 1918, 40 Stat. 705; 35 U. S. C., Section 68 (now 28 U. S. C., Section 1498), this Court said:

> "* * * Without its consent, the United States may not be sued for infringement of a patent. * * * *The Congress has determined the conditions upon which the United States consents to be sued.* By the applicable statute Congress has permitted suit to be brought in the Court of Claims for reasonable compensation

for the *infringing use* or manufacture. * * *" (Emphasis ours)

Title 28 U. S. C., Section 1498 expressly provides, inter alia:

> "*Whenever* an invention described in and covered by a patent of the United States *is used* or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture. * * *"

Consistent with the decisions of this Court and with the Congressional purpose and intent in passing 28 U. S. C., Section 1498, the Court of Claims, in its first decision, dated January 8, 1952, in the instant case, in denying respondent's Motion for Summary Judgment, held:

> "* * * Section 1498 says 'whenever' an invention is used by the United States the owner may bring an action therefor in this court. 'Whenever' means, 'at whatever time' or 'no matter when.' The first use would give rise immediately to a cause of action. Then, later, another use, perhaps after a long interval, would give rise to another cause of action. Such seems to have been the plain intent of the statute. * * *
>
> "To say that the use was under the power of eminent domain, under which power the defendant took a license to use the patent, and that the cause of action then accrued, and that no further cause of action for its later use could accrue, is to set at naught the plain words of the Act, which says that 'whenever' there is a use, there is a cause of action. * * *"

In its second decision, dated April 8, 1952, here sought to be reviewed, the Court of Claims, in granting respondent's Motion for Summary Judgment, held:

> "* * * Any further use of these fire extinguishers within the six-year period would not subject the defendant to liability. Its infringement, if any, took place when it purchased the extinguishers and had them available for use when needed. * * * "

It follows inescapably that the Court of Claims in its second decision, the one dated April 8, 1952, has construed 28 U. S. C., Section 1498 contrary to that Court's own prior ruling in its first decision, the one dated January 8, 1952, in the instant case (and in the *Ferguson* and *Esnault Pelterie* cases, *supra*) and contrary to this Court's assertion as to the Congressional purpose and intent in passing the Act.

The Court of Claims in granting respondent's Motion for Summary Judgment has held to be lawful acts of the same character which prior to the Act of 1910 this Court held to be tortious acts for which the United States escaped liability under the doctrine of sovereign immunity.

The second decision of the Court of Claims is of necessity bottomed on the theory urged upon that Court by respondent that 28 U. S. C., Section 1498 provides for the "taking" by the United States of a license under the patent in question, simultaneously with the unauthorized acquisition, without notice, by the United States of a patented device, and therefore that all use of patented devices subsequent to unauthorized acquisition by the United States is licensed and not tortious, and hence beyond the purview of 28 U. S. C., Section 1498.

This Court, in *Cramp and Sons* v. *Curtis Turbine Co.*, 246 U. S. 28, 39-40, said:

> "* * * At the time of the enactment of the law of 1910 the following principles were so indisputably established as to need no review of the authorities sustaining them. * * *
>
> "(a) That rights secured under the grant of letters patent by the United States were property and pro-

> tected by the guarantees of the Constitution and not subject therefore to be appropriated even for public use without adequate compensation. * * *"

In *Anderson National Bank* v. *Luckett*, 321 U. S. 233, 246; 64 S. Ct. 599, 606, this Court said:

> "* * * The fundamental requirement of due process is an opportunity to be heard upon such notice and proceedings as are adequate to safeguard the right for which the constitutional protection is invoked. * * *"

The Court of Claims has accordingly construed 28 U. S. C., Section 1498 so as to deprive a patent owner of the safeguards of due process guaranteed by the Fifth Amendment to the United States Constitution, thus calling into question the constitutionality of that Act.

In *National Labor Relations Board* v. *Jones-Laughlin Steel Corporation*, 301 U. S. 1, 30; 57 S. Ct. 615, 621, this Court said:

> "* * * We have repeatedly held that as between two possible interpretations of a statute, by one of which it would be unconstitutional and by the other valid, our plain duty is to adopt that which will save the act. Even to avoid a serious doubt the rule is the same. Federal Trade Commission *v.* American Tobacco Co., 264 U. S. 298, 307, 44 S. Ct. 336, 337, 68 L. Ed. 696, 32 A. L. R. 786; Panama R. R. Co. *v.* Johnson, 264 U. S. 375, 390, 44 S. Ct. 391, 395, 68 L. Ed. 748; Missouri Pacific R. R. Co. *v.* Boone, 270 U. S. 466, 472, 46 S. Ct. 341, 343, 70 L. Ed. 688; Blodgett *v.* Holden, 275 U. S. 142, 148, 276 U. S. 594, 48 S. Ct. 105, 107, 72 L. Ed. 206; Richmond Screw Anchor Co. *v.* United States, 275 U. S. 331, 346, 48 S. Ct. 194, 198, 72 L. Ed. 303. * * *"

Conclusion

For the foregoing reasons petitioner prays that its petition for writ of certiorari be granted to the end that this Court may resolve the conflict in decisions of the Court of Claims and clarify the statutory and constitutional questions presented.

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Hamer H. Jamieson,
Attorneys for Petitioner.

APPENDIX

28 UNITED STATES CODE 1498

Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.

The court shall not award compensation under this section if the claim is based on the use or manufacture by or for the United States of any article owned, leased, used by, or in the possession of the United States prior to July 1, 1918.

This section shall not confer a right of action on any patentee who, when he makes such a claim, is in the employment or service of the United States, or any assignee of such patentee, and shall not apply to any device discovered or invented by an employee during the time of such employment or service. June 25, 1948, c. 646, 62 Stat. 942, amended May 24, 1949, c. 139, § 87, 63 Stat. 102.

28 UNITED STATES CODE 2401

(a) Every civil action commenced against the United States shall be barred unless the complaint is filed within six years after the right of action first accrues. The action of any person under legal disability or beyond the seas at the time the claim accrues may be commenced within three years after the disability ceases.

(b) A tort claim against the United States shall be forever barred unless action is begun within two years after such claim accrues or within one year after the date of enactment of this amendatory sentence, whichever is later, or unless if it is a claim not exceeding $1,000, it is presented in writing to the appropriate Federal agency within two years after such claim accrues or within one year after the date of enactment of this amendatory sentence, whichever is later. If a claim not exceeding $1,000

has been presented in writing to the appropriate Federal agency within that period of time, suit thereon shall not be barred until the expiration of a period of six months after either the date of withdrawal of such claim from the agency or the date of mailing notice by the agency of final disposition of the claim. June 25, 1948, c. 646, 62 Stat. 971, amended April 25, 1949, c. 92 § 1, 63 Stat. 62.

28 UNITED STATES CODE 2501

Every claim of which the Court of Claims has jurisdiction shall be barred unless the petition thereon is filed, or the claim is referred by the Senate or House of Representatives, or by the head of an executive department within six years after such claim first accrues.

Every claim under section 1497 of this title shall be barred unless the petition thereon is filed within two years after the termination of the river and harbor improvements operations on which the claim is based.

A petition on the claim of a person under legal disability or beyond the seas at the time the claim accrues may be filed within three years after the disability ceases.

A suit for the fees of an officer of the United States shall not be filed until his account for such fees has been finally acted upon, unless the General Accounting Office fails to act within six months after receiving the account. June 25, 1948, c. 646, 62 Stat. 976.

35 UNITED STATES CODE 91

The head of any department or agency of the Government which has ordered the manufacture, use, sale, or other disposition of an invention, whether patented or unpatented, and whether or not an order has been issued in connection therewith pursuant to section 89 of this title, is authorized and empowered to enter into an agreement, before suit against the United States has been instituted, with the owner or licensor of such invention, in full settlement and compromise of any claim against the United States accruing to such owner or licensor under the provisions of sections 89-96 of this title, or any other law by reason of such manufacture, use, sale, or other disposition.

and for compensation to be paid such owner or licensor based upon future manufacture, use, sale, or other disposition of said invention. Oct. 31, 1942, c. 634, § 3, 56 Stat. 1014.

FIFTH AMENDMENT TO THE FEDERAL CONSTITUTION

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

INDEX

	Page
Opinions below	1
Jurisdiction	2
Questions presented	2
Statutes involved	2
Statement	4
Argument	6
Conclusion	12

CITATIONS

Cases:

Battelle v. *United States*, 7 C. Cls. 297	11
Berdan Fire-Arms Co. v. *United States*, 26 C. Cls. 48, affirmed, 156 U.S. 552	7, 8
Butler v. *United States*, 23 C. Cls. 335	7, 8
Clyde v. *United States*, 13 Wall. 38	11
Cramp & Sons v. *Curtis Turbine Co.*, 246 U.S. 28	8
Crozier v. *Krupp*, 224 U.S. 290	7, 8
Ferguson v. *United States*, C. Cls. No. M-65, June 14, 1939	12
Harley v. *United States*, 198 U.S. 229	7
Hartman v. *United States*, 35 C. Cls. 106	7
Howard University v. *Cassell*, 126 F.2d 6	11
Irving Air Chute Co. v. *United States*, 117 C. Cls. 799	8
McKeever v. *United States*, 14 C. Cls. 396, affirmed, 18 C. Cls. 757	8
McMahon v. *United States*, 342 U.S. 25	9
Moriarty v. *United States*, 97 C. Cls. 338	11
National Electric Signaling Co. v. *United States*, 99 C. Cls. 646	8
Olsson v. *United States*, 87 C. Cls. 642, certiorari denied, 307 U.S. 621	6, 8, 12
Pasquean v. *United States*, 26 C. Cls. 509	8
Reading Co. v. *Koons*, 271 U.S. 58	10
Schillinger v. *United States*, 155 U.S. 163	7
Smithmeyer v. *United States*, 147 U.S. 342	11
Southern Pacific Co. v. *United States*, 67 C. Cls. 414, certiorari denied, 280 U.S. 567	11
Tan v. *United States*, 102 F. Supp. 552	11
United States v. *Dickinson*, 331 U.S. 745	8, 9
United States v. *Esnault-Pelterie*, C. Cls. No. D-388	12
United States v. *Schaeffer and Robbins*, No. 232 this Term, petition for certiorari, p. 8	11

Constitution & Statutes:

	Page
Act of June 25, 1910, 36 Stat. 851	7, 8
Act of July 1, 1918, 40 Stat. 705	7
P. L. 593, 82d Cong., 2d Sess., 66 Stat. 792	11
Section 4(a)	11
66 Stat. 813, 35 U.S.C. 286(2)	11
Royalty Adjustment Act of October 31, 1942, 56 Stat. 1013, 1014, 35 U.S.C. 91:	
Section 3	3, 10
28 U.S.C. 1498	2, 6, 9
28 U.S.C. 2501	2, 5, 7

Miscellaneous:

45 Cong. Rec. 4952	8
45 Cong. Rec. 8755-8785	8
H. Rep. No. 1288, 61st Cong., 2d Sess., pp. 2-3	8
H. Rep. No. 1923, 82d Cong., 2d Sess., p. 30	11
S. Rep. No. 1979, 82d Cong., 2d Sess., p. 30	11

In the Supreme Court of the United States

OCTOBER TERM, 1952

No. 177

ARTHUR G. GAGE, PETITIONER

v.

THE UNITED STATES

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CLAIMS

BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINIONS BELOW

The opinion of the Court of Claims dated January 8, 1952 (R. 10-11), denying the Government's motion for summary judgment, is reported at 101 F. Supp. 765. The opinion of the Court of Claims dated April 8, 1952 (R. 12-13), granting the Government's motion for summary judgment, is reported at 103 F. Supp. 1022.

JURISDICTION

The original judgment of the Court of Claims denying the motion of the United States for summary judgment was entered on January 8, 1952 (R. 12). A timely motion for rehearing by the United States on February 7, 1952 (R. 12) was denied on April 8, 1952. At the same time, however, the Court of Claims entered judgment granting the original motion for summary judgment (R. 14). The petition for a writ of certiorari was filed on July 3, 1952. The jurisdiction of this Court is invoked under 28 U.S.C. 1255(1).

QUESTIONS PRESENTED

1. Whether, in an action brought against the United States pursuant to 28 U.S.C. 1498 for the unlicensed use of a patent, the statute of limitations begins to run when the patented article is acquired by the United States.

2. Whether the opportunity for administrative adjustment of petitioner's claim provided for by Section 3 of the Royalty Adjustment Act of 1942 postponed the accrual of his cause of action.

STATUTES INVOLVED

1. 28 U.S.C. 1498 reads in pertinent part:

> § 1498. *Patent cases.* Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the

Court of Claims for the recovery of his reasonable and entire compensation for such use and manufacture.

* * * * *

2. 28 U.S.C. 2501 reads in pertinent part:

§ 2501. *Time for filing suit.* Every claim of which the Court of Claims has jurisdiction shall be barred unless the petition thereon is filed, or the claim is referred by the Senate or House of Representatives, or by the head of an executive department within six years after such claim first accrues.

* * * * *

3. Section 3 of the Royalty Adjustment Act of October 31, 1942, 56 Stat. 1013, 1014, 35 U.S.C. 91, reads:

SEC. 3. The head of any department or agency of the Government which has ordered the manufacture, use, sale, or other disposition of an invention, whether patented or unpatented, and whether or not an order has been issued in connection therewith pursuant to section 1 hereof, is authorized and empowered to enter into an agreement, before suit against the United States has been instituted, with the owner or licensor of such invention, in full settlement and compromise of any claim against the United States accruing to such owner or licensor under the provisions of this Act or any other law by reason of such manufacture, use, sale, or other disposition, and for compensation to be paid such owner or licensor

based upon future manufacture, use, sale, or other disposition of said invention.

STATEMENT

Petitioner, according to the allegations of his petition in the court below, which are not in issue here, is the assignee of United States Patent No. 2,281,933, covering certain improvements on reciprocating pumps. A feature of this invention provides for minute differences (approximately .005 inches) in the clearances of the rings holding the packing material in place. (Pl. Exh. 1, pp. 1-2; R. 92.) [1]

During World War II the United States purchased considerable quantities of pump-type fire extinguishers built according to specifications issued by the War Department (R. 15-38). Asserting that these fire extinguishers had packing rings with varying clearances[2] and thus infringed upon his patent, petitioner, on September 16, 1946, submitted a claim for compensation to the War Department. After the rejection of this claim by the Department of the Army on August 23, 1949 (R. 5, 8), petitioner filed his complaint in the Court of Claims on January 26, 1950 (R. 1).

At the pre-trial conference it appeared that the

[1] Plaintiff's Exhibit 1 has not been printed.

[2] The War Department's specifications did not provide for packing rings with varying clearances (R. 19-23, 24A). In all probability, the variations in the size of the packing rings, if any, resulted from the circumstance that these relatively crude pumps did not have to be exact to the thousandth of an inch, so that the differences merely represented the customary tolerances.

latest of the allegedly infringing pumps had been delivered to the United States in August, 1943, and that the last payment had been made in September, 1943 (R. 94-95). From then on the pumps had been kept available for the use for which they had been acquired (R. 13). The pre-trial memorandum noted (R. 95-96):

> 13. The parties state that they are in agreement that the evidence encompassed in this memorandum and the record herein raises an underlying question as to whether this Court has jurisdiction.
>
> The plaintiff agrees that the disposition of this jurisdictional question shall be resolved solely upon the basis of the contracts and other documents which have been received in evidence in this pre-trial memorandum.

The United States thereupon moved for summary judgment on the ground that the complaint had been filed more than six years after the cause of action first arose (28 U.S.C. 2501, *supra*, p. 3) (R. 9). The Court of Claims first denied the motion (R. 9-12). Upon motion for rehearing, however, the Court, while denying the motion for rehearing, granted the original motion for summary judgment (R. 12-14) on the ground that petitioner's claim had accrued when the United States "purchased the [fire extinguishers and had them available for use when needed" (R. 13).

ARGUMENT

Petitioner asserts that the court below erred in holding that the statute of limitations began to run when the Government acquired the fire extinguishers and had them available for use, and in rejecting his contention that the statute began to run every time actual use was made of them. In the alternative, petitioner argues that the statute did not run while his claim for compensation was considered by the Army authorities. We submit that the decision of the Court of Claims is correct and that there is no need for further review.

1. Under 28 U. S. C. 1498 (*supra,* pp. 2-3), a patentee is authorized to seek "reasonable and entire compensation" in the Court of Claims when his invention "is used or manufactured by or for the United States without license * * *." It is clear, of course, that petitioner might have brought this action at any time within six years after the allegedly infringing fire extinguishers were "manufactured * * * for the United States * * *." *Olsson* v. *United States,* 87 C. Cls. 642, certiorari denied, 307 U.S. 621. He contends, however, that each use of the fire extinguishers created a new claim and constituted a new starting-point for the six-year limitation period. The rejection of this argument by the court below is fully sustained by the plain purpose and legislative history of 28 U. S. C. 1498 and by settled principles governing all limitations provisions,

particularly the ample six-year limitation in 28 U. S. C. 2501.

In holding that petitioner's action was barred because it was brought more than six years after the last fire extinguisher in question had been acquired by the United States, the Court of Claims applied a clearly controlling rule which has been in effect for over sixty years with respect to actions on contracts implied in fact to pay for the use of patents. Prior to the Acts of June 25, 1910, 36 Stat. 851, and July 1, 1918, 40 Stat. 705, the predecessors of 28 U. S. C. 1498, a patentee whose device was used by the United States could obtain compensation only where he could establish a promise by the United States, express or implied in fact, to pay for the use of the patent. In the absence of such a contractual engagement the use was considered tortious and outside the jurisdiction of the Court of Claims. *Schillinger* v. *United States*, 155 U. S. 163; *Harley* v. *United States*, 198 U. S. 229; *cf. Crozier* v. *Krupp*, 224 U. S. 290, 303-304. The point of central importance here is that, in those cases where the patentee was able to make out an implied-in-fact contract, the rule applied was the one adopted in the instant case: the cause of action accrued and the statute of limitations began to run from the time the patented article was acquired by the Government.[3]

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[3] See, *e. g.*, *United States* v. *Berdan Fire-Arms Co.*, 156 U. S. 552, 570, affirming 26 C. Cls. 48, 78; *Butler* v. *United States*, 23 C. Cls. 335, 339-340; *Hartman* v. *United States*, 35 C. Cls. 106, 109-110.

The avowed purpose of the 1910 Act, which created the remedy now found in 28 U. S. C. 1498, was to confer upon the patentee the same kind of relief in the case of infringement as had formerly been available only where a contract could be implied in fact. H. Rep. No. 1288, 61st Cong., 2d Sess., pp. 2-3;[4] *Crozier* v. *Krupp*, 224 U. S. 290, 302-305; *Cramp & Sons* v. *Curtis Turbine Co.*, 246 U. S. 28, 41; *Olsson* v. *United States*, 87 C. Cls. 642, 659, certiorari denied, 307 U. S. 621. Mr. Currier, the sponsor of the bill,[5] pointed out that the recovery was to be the same as in cases where there was a contract implied in fact, namely, a royalty fixed by the court. 45 Cong. Rec. 8776.[6] Referring even more directly to the problem at bar, he stated that only a single suit would be required, as in the case of implied contracts, and not multiple actions for repeated uses of each patented object by the United States. 45 Cong. Rec. 8775. This obviously practical objective is

[4] Cf. the congressional debate, 45 Cong. Rec. 8755-8785.

[5] 45 Cong. Rec. 4952.

[6] Since the patentee's compensation takes the form of a reasonable royalty (*McKeever* v. *United States*, 14 C. Cls. 396, affirmed without opinion by this Court, 18 C. Cls. 757; *Berdan Fire-Arms Co.* v. *United States*, 26 C. Cls. 48, 79, affirmed, 156 U. S. 552; *National Electric Signaling Co.* v. *United States*, 99 C. Cls. 646, 661; *Irving Air Chute Co.* v. *United States*, 117 C. Cls. 799), to be evaluated as of the time when each article is acquired by the United States (*Pasquen* v. *United States*, 26 C. Cls. 509, 538-539; *Butler* v. *United States*, 23 C. Cls. 335, 339), and is based upon the value of the invention rather than the frequency with which the article is used, the amount of recovery becomes stabilized at the time of acquisition and there is no need to await later developments. Cf. *United States* v. *Dickinson*, 331 U. S. 745.

realized by the provision in 28 U. S. C. 1498 "for the recovery of * * * reasonable and *entire* compensation" in the action the section authorizes—a provision which scarcely comports with petitioner's view that he acquired a new cause of action each day the allegedly infringing fire extinguishers were held ready or each time one was used to fight a fire.

There is, in short, no ground for petitioner's assumption that when Congress eliminated the distinction between contractual and non-contractual appropriations of inventions to provide the same right of recovery for both, it unaccountably retained the distinction for purposes of the statute of limitations so as to allow an indefinitely renewable basis for suit to those patentees to whom the formerly restricted right of action was extended. Even apart from the evidence of a contrary legislative intent, the fact that Congress nowhere suggested any departure from the established rules limiting the time for suit argues strongly against petitioner's view. *McMahon* v. *United States*, 342 U. S. 25, 27.

Nor is that view advanced by insisting (Pet. 2, 4, 6, 9) that the action under 28 U. S. C. 1498 sounds in "tort" rather than "implied contract." For the issue here is not to be resolved merely by "a technical rule of procedure enshrining old or new niceties regarding 'causes of action' * * *." *United States* v. *Dickinson*, 331 U. S. 745, 748. Far more relevant are the general purposes of the statute to which the limitations provision applies and the

"practical ends which are to be served by any limitation of the time within which an action must be brought"—the need "that there may be, at some definitely ascertainable period, an end to litigation." *Reading Co.* v. *Koons*, 271 U. S. 58, 62, 65. These overriding considerations plainly support the decision below that the statute begins to run from the time the article is acquired by the United States. Petitioner's theory, on the other hand, leaves the cut-off date dependent upon occasional and accidental uses extending over a period as long and as indefinite as the life of the article.[7]

2. Petitioner's remaining argument (Pet. 3, 5) appears to be that the statute of limitations did not run prior to the denial of his claim by the Department of the Army or, at any rate, that the statute was tolled while his claim was pending before the Army authorities. However, Section 3 of the Royalty Adjustment Act (*supra*, p. 3) merely gives the administrative agency authority to compromise or settle claims; it creates no mandatory administrative procedure which must be exhausted before the claimant may resort to the Court of Claims. It is well settled that an optional opportunity for the administrative adjustment of a claim does not affect the accrual of a cause of action, and

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[7] Since petitioner had knowledge of the alleged infringement at least as early as September, 1946, when he submitted his claim to the War Department while the statute of limitations still had three years to run, the argument (Pet. 6, 12) that the decision below authorizes the taking of his property "without notice and without compensation" obviously has no bearing on this case.

that the complaint must be filed within the limitations period even if the administrative agency has not passed on the claim by then.[8]

Congress recognized this established rule when, in the recent codification of Title 35 of the United States Code (P.L. 593, 82d Cong., 2d Sess., 66 Stat. 792), which is to become effective on January 1, 1953 (*id.*, sec. 4(a)), it provided that in the future the time during which a claim like the one in this case is pending for administrative settlement will not be counted for purposes of the statute of limitations (66 Stat. 813, the new 35 U.S.C. 286(2)). The pertinent committee reports show that the new section was designed to change, not to restate, the existing law.[9] Moreover, this legislation, eliminating for the future the issue petitioner raises, would seem to be decisive against the need for review.

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[8] *Clyde* v. *United States*, 13 Wall. 38; *Smithmeyer* v. *United States*, 147 U. S. 342, 357-358; *Howard University* v. *Cassell*, 126 F. 2d 6, 9-10 (C. A. D. C.); *Battelle* v. *United States*, 7 C. Cls. 297; *Southern Pacific Co.* v. *United States*, 67 C. Cls. 414, 422, certiorari denied, 280 U. S. 567; *Moriarty* v. *United States*, 97 C. Cls. 338, 340; *Tan* v. *United States*, 102 F. Supp. 552, 553 (C. Cls.). See also the Government's petition for certiorari in *United States* v. *Schaeffer and Robbins*, No. 232 this Term, p. 8.

[9] H. Rep. No. 1923, 82d Cong., 2d Sess., p. 30, and S. Rep. No. 1979, 82d Cong., 2d Sess., p. 30 read:

> The second paragraph is new and relates to extending the period of limitations with respect to suits in the Court of Claims in certain instances when administrative consideration is pending.

CONCLUSION

The decision below is correct and there is no conflict.[10] It is respectfully submitted that the petition for a writ of certiorari should therefore be denied.

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SEPTEMBER, 1952.

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[10] Petitioner alleges (Pet. 7) that the decision is contrary to the unreported interlocutory directives of the Court of Claims to the Trial Commissioner in *United States* v. *Esnault-Pelterie*, No. D-388, and *Ferguson* v. *United States*, No. M-65, which in turn were irreconcilable with the then recent decision in *Olsson* v. *United States*, 87 C. Cls. 642, certiorari denied, 307 U.S. 621. We submit that the abandonment of the earlier, tentative decisions does not create the kind of conflict requiring review by this Court.

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SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1951

No. 177

ARTHUR G. GAGE,

Petitioner,

vs.

THE UNITED STATES,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF CLAIMS

PETITIONER'S REPLY BRIEF TO BRIEF FOR THE UNITED STATES IN OPPOSITION

Benjamin R. Jones,
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TABLE OF AUTHORITIES CITED

	Page
Bliss, E. W., Co. v. *United States*, 253 U. S. 187	2
Esnault-Pelterie v. *United States*, Case No. D-388	4
Ferguson v. *United States*, Case No. M-65	4
Grand Boulevard and Concourse in City of New York, 106 N. E. 631, 212 N. Y. 538	7
National Labor Relations Board v. *Jones-Laughlin Steel Corporation*, 303 U.S. 1, 30, 57 S. Ct. 615, 621	6
Olsson v. *United States*, 87 C. Cls. 642, cert. den. 307 U. S. 621	5
United States v. *Berdan Fire-Arms Co.*, 156 U. S. 552	3
United States v. *Dickinson*, 331 U. S. 745, 748, 67 S. Ct. 1382, 1385	3, 6
United States v. *Esnault-Pelterie*, 303 U. S. 26, 28, 58 S. Ct. 412, 413	2
Waite v. *United States*, 282 U. S. 508, 509, 51 S. Ct. 227	5
Miscellaneous:	
45 Cong. Rec. 8771, 8772	4
45 Cong. Rec. 8776	4
H. Rep. No. 1288, 61st Cong., 2d Sess., p. 3	2